

**Minutes of the Joint Session of the
23rd Meeting of the Committee for Reform of the Securities Clearing and Settlement System
and the
11th Meeting of the Promotion for Reform of the Securities Clearing and Settlement System**

Date: Monday, February 16, 2009 from 4:30 p.m. to 5:30 p.m.

Venue: Meeting Room # 1 of JSDA

Agenda:

1. State of the implementation of the electronic share certificate system, etc.
 - (1) Japan Securities Depository Center, Inc (JASDEC)
 - (2) JSDA
 - (3) Japanese Bankers Association (JBA) / Mizuho Bank, Ltd
 - (4) The Chuo Mitsui Trust and Banking Company, Ltd
 - (5) Nippon Keidanren
2. Others

Meeting Minutes

1. State of the implementation of the electronic share certificate system, etc.
 - (1) Japan Securities Depository Center, Inc (JASDEC)

Mr. Omae, an executive of JASDEC, reported as follows.

First, regarding the “outline of the share transition,” the posting procedures performed by JASDEC and the account management institutions were completed on January 5, the transition date, without any particular problems. As for the procedures for the new registration into special accounts opened by issuing companies, JASDEC notified the listed companies (transfer agents) with actual shareholders as of the day before the transition date on January 20. After receiving these data, the listed companies identified the actual

shareholders to be registered in special accounts and other details, and sent the notification of the new registration into special accounts to the account management institutions (transfer agents) via JASDEC. The new registration into special accounts was implemented on January 26 in the following week. Note that although major corporate actions were restricted until the new registration into special accounts was completed due to the difficulties in setting new right allotment dates without the new registration, this restriction has already been lifted.

Next, regarding the “initiation state of the electronic share certificate system,” 358.7 billion shares of 3,871 issues out of all target shares were transferred to the transfer system.

Note that shares of 21 issues were removed from transactions on the transition date and general shares registered in special accounts are not included in this figure. The number of outstanding deposited shares has increased by about 14.0 billion from 344.8 billion as of the end of last year mainly because companies who had issued fractional shares split shares, effective on the day before the transition date.

Additionally, ¥1,317.3 billion yen of 71 warrant bond issues, 7.90 million shares of 43 investment instrument issues, and 0.34 million shares of one preferred security issue have been transferred.

Regarding the “state concerning the number of JASDEC members and other related details,” there were 266 JADSEC members as of the transition date. The five companies that changed from being members to indirect account management institutions on the transition date are included in this figure. Next, the number of indirect account management institutions is 56 (including 21 foreign direct account management institutions). Here, a financial institution that indirectly manages multiple account management institutions is counted as one institution on the corporation basis; the total number is 64. For warrant bonds, there are 74 settlement companies, 16 issuance and payment agents, and, as in the case of the deposit transfer system, 7 transfer agents.

Next, regarding the “notification of actual shareholders as of the day before the transition

date,” it was implemented for all issues on January 20. This notification completed the process of actual shareholder notification corresponding to the notification of all shareholders.

Regarding the “state concerning the new registration into special accounts,” a total of about 35.7 billion shares were newly registered with stocks, investment instruments, and preferred securities combined together. For stocks, 3,847 issues out of the transition target of 3,871 issues were registered in special accounts, so the deposit ratio of the 24 issues that were not newly registered can be estimated to be 100%. Note that for investment instruments and preferred securities, special accounts were opened for all issues.

Regarding the “state concerning the user information,” during the period from January 5, when the transfer system started, until February 12 (27 business days), JASDEC received the following numbers of user information notifications in average per day from account management institutions: approximately 8,000 for new registration, approximately 10,000 for change registration, and approximately 27,000 for deletion.

As for new registration, the registration of shareholder changes for paper certificates that had been physically kept by shareholders was conducted collectively near the end of the last year, and many notifications of new registration of user information concerning the shareholders after the registration of shareholder changes were made.

As for registration of changes, relatively quite a few notifications came from online securities companies. According to the hearings with them, many address change notifications are made at the start of the year.

As for deletion, some had been expected to be managed in special accounts but later deposited the shares into JASDEC and became actual shareholders, making user information unnecessary, and some transferred the shares from special accounts to general accounts after the electronic share certificate system started.

Regarding user account information, there were 26.92 million records of data as of February 12. Going by the shareholders after the identification of the names of shareholders,

there were 15.33 million records of data for notifying shareholders and other parties. Note that since transfer agents are now deleting user information that is no longer necessary, we think specifically the number of user account information records will more or less decline.

Next, regarding the “state concerning shareholder notification,” the notifications of all shareholders were made for 30 issues in January and for 117 issues in February. Additionally, 5 and 21 notifications of individual shareholders were made for 3 and 6 issues in January and February, respectively.

The requests for information from issuing companies are categorized into those for whole information and partial information and are dealt with flexibly according to the needs. The whole information includes as notification items the records in the transfer account books of all account management institutions where the users have opened accounts regardless of direct or indirect account management institutions. There were 5 and 21 information requests for 3 and 6 issues in January and February, respectively.

Meanwhile, the partial information concerns only the accounts opened in direct account management institutions which have a system connection with JASDEC. The partial information is separated with the assumption of the need for prompt feeding of information on the issues and number of shares held by the users. There were 19 information requests for 4 issues in January. No requests have been made so far in February.

(2) JSDA

Mr. Koyanagi, an executive of JSDA, reported as follows.

Under the electronic share certificate system, shareholder management and other operations are being performed based on the electronic data managed by securities companies while new schemes such as the revised special account system and dividend receiving procedures have also come into effect. To ensure these systems take root, we think efforts need to be made to fully prepare for practical business for the book-entry transfer and familiarization and PR, especially until the shareholder notification and

dividend payments are completed in June by companies with their fiscal year ending in March.

Specifically, the establishment of practical business for book-entry transfer needs to be ensured. To ensure the establishment of practical business for the book-entry transfer of shares from special accounts to general accounts in securities companies, the book-entry transfer for share collateral, the dividend receiving procedures, and other operations, we intend to engage in familiarization and PR activities through the revision of manuals for practical business and other documents and by holding explanatory meetings and workshops for persons in charge of practical business of securities companies, etc. while sufficiently coordinating with JASDEC, transfer agents and JBA.

Regarding the “promotion of familiarization and PR activities,” focusing on items such as the special account system, the registration restoring procedures for shareholders who have neglected the registration for shareholder changes, the dividend receiving procedures, and the “notification of individual shareholders” for the execution of the minority shareholders’ right, we intend to plan and promote familiarization and PR activities by utilizing mass media such as newspapers, sending new leaflets to shareholders with special accounts, posting new posters at public facilities, and other measures.

Trust banks and other institutions have just notified shareholders with special accounts of the opening of special accounts, and the Reform Promotion Center plans to implement advertisement for the familiarization and PR of the special account system in 5 national and 42 regional newspapers on February 17 and 21, as well as radio commercials at 11 stations in major cities across Japan from February 16 until 26.

As for the establishment and expansion of the call center (contact point for advice seekers) for the electronic share certificate system, the recognition level and the number of inquiries have risen. In December, just before the system implementation, there were over 1,700 inquiries on average per day; even lately, 200 inquiries are still received a day. Many inquires have been made from holders of paper share certificates who want to know if any

procedures are required for the paper certificates on hand with the electronic share certificate system. We will continue to establish call centers as contact points where shareholders and investors can call anytime for inquires and verifications while further expanding the advice system.

(3) Japan Bankers Association (JBA)

Mr. Wada, the director and secretary general of JBA, reported as follows.

As for the state of the handling of share collateral before and after the transition of the banking sector to the electronic share certificate system, today I will explain about the response state just before the transition and the operation state of share collateral transactions during the month after the transition.

On January 5, the banking sector saw two major events, namely the implementation of the electronic share certificate system and the connection of the Interbank Payment Systems in Japan to Japan Post Bank, and both made successful starts.

Regarding the response just before the transition to the electronic share certificate system, JBA had been establishing a “response to full transition FAQs” since 2006 and notifying member banks of handling procedures and points to note when necessary. Member banks had also been preparing for the transition, considering the discussions at JBA and receiving cooperation of securities companies and other institutions. In November 2008, we conducted a questionnaire survey of member banks on the preparation state for the transition. We performed individual hearings for banks with collateral share certificates for which the decision concerning the response to the transition had not been made as of late November and confirmed the completion of the preparation for the transition by the whole banking sector by mid December.

Collateral share certificates which cannot be handled with normal deposit procedures require measures for handling specially-registered share pledges, so we discussed the procedures and other items receiving cooperation of transfer agents. Because the response

period concerning specially-registered share pledges was very short, in order to avoid confusion, we asked member banks to handle collateral share certificates through normal deposit and reduce share certificates to be handled as specially-registered share pledges to the extent possible. Additionally, actual handling as specially-registered share pledges was performed ahead of the schedule in coordination with transfer agents to avoid confusion.

Due to the measures described above, collateral share certificates held by banks have been handled without any particular confusion, and the existing share collateral transactions have been available under the new system.

Next, regarding the operations for the practical business for share collateral transactions after the transition, since the practical business concerning share collateral significantly changed, we discussed the new practical business and operational flow and points to note and familiarize to member banks in regard to these matters, and in autumn of 2008, we clarified, notified member banks of, and published the details of the operational flow which had been organized considering the results of the discussions about practical business for the book-entry transfer conducted by JSDA.

The hearings of major banks on the operation state conducted a month after the transition revealed that some problems have arisen. For example, an account management institution reported a hindrance in the operational flow for the book-entry transfer for the purpose of share collateral caused by a difference in recognition between the institution and the pledger. However, as the new system has just started, we recognize that it will take some time to sufficiently learn the operations. To help the system take root in a short time, we think it essential for the parties concerned to promptly discuss and deal with the problems that arise.

(4) The Chuo Mitsui Trust and Banking Companies, Ltd

Mr. Takei, an executive of the Chuo Mitsui Trust and Banking Companies, reported as follows.

As a chair company of the Trust Companies Association of Japan, we will explain “about the implementation state of the electronic share certificate system, etc.” As for the processing state of the transition, after setting a receipt stop period for transactions before and after the transition date and other items, we, as a transfer agent, successfully completed the transition related-procedures ranging from receiving the notification of all shareholders to confirming and statistically processing the data. We, as a special account management institution, also confirmed the completion of the procedures ranging from conducting new registrations and commencing operations to making notifications of the opening of special accounts and sending them.

Additionally, although it took much time to identify the names of shareholders, examine addresses, names and other information, and make corrections while conducting the procedures ranging from receiving the notification of all shareholders to confirming and processing statistically the shareholder list, we completed such without any particular problems and received cooperation from parties concerned.

Next, we, both as a transfer agent and as a special account management institution, are currently identifying the future challenges in practical business. We aim to stabilize the operations through coordination and discussions with parties concerned. As for the practical business, in terms of, for example, earlier information disclosure to issuing companies, we think we need to further speed up the procedures after the receipt of the notification of all shareholders, including data organization, error verification and correction, and confirmation and statistical processing.

Furthermore, regarding user information, incorrect records in part of it have led to incorrect relevant information, and thus failure to display correct relevant information. As a result, the re-processing of shareholder confirmation and the correction of the shareholder list were required at some institutions. Some challenges still remain concerning the details of practical business, so we intend to discuss improvement in coordination with parties concerned in the entire scheme.

We will also discuss improvement of these items in coordination with parties concerned in the entire scheme.

We intend to continue our earnest efforts to stabilize the operations of practical business in cooperation with parties concerned.

(5) Nippon Keidanren

Mr. Abe, a manager of Economic Policy Bureau II, Nippon Keidanren, reported as follows.

As a representative for the issuing companies, we have been preparing for the new system in the form of helping JSDA in combination with the local Share Councils. Although things have been good so far, as we cannot declare success until the general meetings of shareholders of companies with their fiscal year ending in March are finished in June and dividends are paid, we intend to continue helping JSDA.